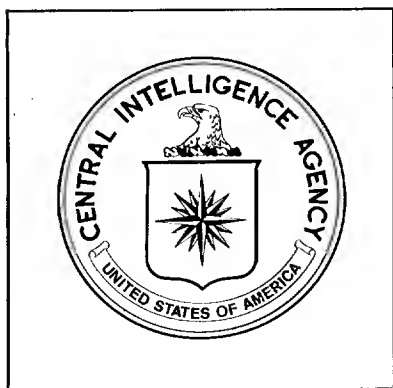


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## STAFF NOTES:

**Middle East  
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MIDDLE EAST - AFRICA - SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Kenya

*President Kenyatta at Bay*

Indications of dissatisfaction with the rule of President Jombo Kenyatta continue to mount. The crowd response to a poorly attended May Day speech by Kenyatta in Mombasa was generally sullen and hostile, as it has been in the few public appearances he has made since the murder in early March of J. M. Kariuki, a leading critic of the regime.

Kenyatta may have hurt himself in the Mombasa speech by announcing a substantial increase in the minimum wage which the government subsequently scaled down. The 400,000-member labor federation has threatened a general strike for May 5 unless the government accedes to its wage demands.

The most serious challenge to Kenyatta comes from parliament, where a 15-member select committee, dominated by critical backbenchers, is investigating the Kariuki murder. The committee reportedly has been unable to discover who killed Kariuki, but it is likely to charge that the police have impeded the investigation and that there was complicity by government officials in the murder. The wide-ranging investigation, which may call for testimony from persons close to Kenyatta, will take several more weeks, but the committee may make an interim report shortly.

On April 30 some members of parliament angrily denounced pro-Kenyatta spokesmen who recently have publicly referred to the investigating committee as "15 roughts" and "political prostitutes." Kenyatta had earlier attempted to intimidate several committee members by ordering the police to call them in individually for questioning concerning alleged seditious speeches.

[REDACTED] Kenyatta, [REDACTED]  
[REDACTED] is unwilling to listen

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to warnings concerning the extent of popular dissatisfaction. He is confident that, if necessary, he can stay in power by repressive measures.

If Kenyatta is provoked by mounting criticism, he may arrest deputies or even suspend parliament, or take heavy-handed police measures against strikes. Such action could trigger disorders led by labor and students in the capital and elsewhere. If disturbances became widespread and difficult to handle, the army might paper over its tribal divisions and intervene to preserve order. (SECRET/NFD/CD)

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## Nigeria

### *New Revenue Sharing System*

Nigeria's military rulers recently decreed a new federal revenue sharing arrangement that puts the country's state governments on a much sounder financial footing. The present 12 states were created in 1967 by General Gowon, replacing the four regional administrative divisions that existed at that time. The state system has provided a better political balance among Nigeria's competing regional and tribal interests, and has been an important factor in Nigeria's stability since the civil war ended in January 1970.

The introduction of a new revenue system is one of several basic political and economic reforms that Gowon set forth in 1970 for the military government to accomplish. The government's action on the revenue issue should still public complaints about state finances that have been heard ever since Nigeria joined the ranks of the world's leading oil producers in the early 1970s.

The new revenue formula substantially increases the states' overall share of federal oil money. It also divides allocations more fairly among the states by reducing the portion of oil royalties now returned to the two main oil producing states from 45 to 20 percent. While all the remaining states benefit, the poorer and more populous northern states benefit the most.

The revenue decree ties the expenditure of state revenue allocations to the financing of state development programs. The aim is to insure that the states use their share of Nigeria's oil wealth to improve living conditions. According to the decree, revenue allocations to the states are to be reviewed and revised periodically by the federal government to guarantee that the states have adequate funds to meet their development needs. (CONFIDENTIAL)

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### South Asia

#### *Reaction to Events in Southeast Asia*

The communist victory in Vietnam was welcomed, although with varying degrees of enthusiasm, by the nations of South Asia. India, moreover, used the occasion to launch a new attack on US arms policy toward South Asia.

The region's congratulatory messages to the North Vietnamese have followed a similar theme, describing the North's victory in such terms as a "rebuff to imperialism," a "victory for the third world", a "triumph for Asian nationalism", and a "tribute to the might of a determined people." This reaction is consistent with the South Asians' conviction that a direct western role in Asia's political and military affairs is an unacceptable perpetuation of colonialism. The South Asians have generally anticipated the eventual reunification of Vietnam, and for some years have granted either de facto or de jure recognition to the PRG.

There is a considerable degree of "we told you so" in New Delhi's reaction. Last week Foreign Minister Chavan set the tone by labeling developments in Indochina as a "gratifying vindication" of India's opposition to US policies there. This week parliament jubilantly greeted Saigon's surrender, and the government granted full recognition to the PRG. At the Commonwealth Conference in Jamaica, Prime Minister Gandhi charged that the US role in Vietnam and Washington's recent lifting of the embargo on arms sales to Pakistan stem from the "same sort of mistaken assessment" of regional politics. India's barrage of attacks on US politics in recent weeks probably reflects a campaign to revive sagging domestic confidence in the government as an important state election approaches in June. The professed concern

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about possible threats to Indian security if Pakistan buys US arms, moreover, may be an attempt to justify in advance a second Indian nuclear explosion, which could occur at any time.

Pakistan, because of its close relationship with the US and China and its desire to offend neither, gave perfunctory approval of the recent events in Indochina. Bangladesh, however, was less discreet. The ranking government official in the country on May 1, Prime Minister Mansoor Ali, issued a strong statement endorsing the PRG's victory as supporting "the people's right of self-determination against imperialism and neocolonialism." He characterized the situation in Cambodia and Vietnam as examples of the "utter failure of the forces of reaction." Ali's thinly veiled attack on the US went beyond President Mujib's congratulatory statement to Sihanouk last month and might have been softened if Mujib, who is attending the Commonwealth Conference, were at home.

Sri Lankan officials likewise overlooked their nation's good relations with US and issued strongly anti-American statements. Editorials on Vietnam in the government-controlled press similarly castigated the US. The leftist coloration of the present coalition government, which includes both Trotskyites and pro-Moscow communists, and Sri Lanka's close ties with China help explain the Sri Lankan reaction.

The two landlocked nations of South Asia, Afghanistan and Nepal, have responded with muted welcome to the events in Indochina. This reflects their own chronic insecurity vis-a-vis their larger neighbors, and their concern about possible destabilization throughout Asia following the US pullout from Indochina. Officials in both countries have [REDACTED] expressed concern about the advance of Communism. The real basis for their apprehension, however, is their belief that they may not be able to count on the US to act as a counterweight in the event their sovereignty is jeopardized by their neighbors. (CONFIDENTIAL)

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